



Chattanooga Gas Company

2207 Olan Mills Drive
Chattanooga, TN 37421
1-880-427-5463

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2004 APR -7 AM 11:27

T.R.A. DOCKET ROOM

April 4, 2004

Chairman Deborah Taylor Tate
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

**Re: Chattanooga Gas Company
Responses to TRA Staff's Data Requests
Docket No. 04-00034 – Petition of Chattanooga Gas Company for Approval
of Adjustment of its Rates and Charges and Revised Tariff**

Dear Chairman Tate,

Enclosed please find an original and 13 copies of Chattanooga Gas Company's responses to the following data requests issued by the TRA Staff:

Fifth Set of Data Requests Dated March 11, 2004 – 89

Sixth Set of Data Requests Dated March 12, 2004 – 99

Econ #1 Data Request dated March 19, 2004:

1 3 4 5 6 7 8 10 11 12

The Company is currently gathering and compiling information for the remaining data requests and will file its responses as soon as the data requests are complete.

If there are any additional questions, I can be reached at 404-584-4263.

Sincerely,

Michael J. Morley
AGL Resources
Rates & Regulatory

Discovery Request No. 89

Provide and explain the accounting entries that have caused the balances in the Company's Contribution in Aid of Construction Accounts (101000, 101110, 101105, 101130) at September 30, 2003 to decline from the September, 2002 balances. Also provide a description and the nature of accounts 101105 and 101130.

Response:

This decrease was the result of the reclass of Contribution in Aid of Construction (CIAC) from the CIAC accounts to plant in service, as described in TRA data request #2-55.

CGC currently accounts for CIAC as follows:

1. As cash is received, CIAC is recorded to a general ledger account separate from CGC's construction work in progress (CWIP) account. CGC's current process is not set-up to track CIAC at a project level.
2. On an annual basis, the activity within the CIAC general ledger account is transferred to CGC's asset management system and plant in service general ledger account. An asset with a negative value is created in the asset management system for the amount of CIAC that is being capitalized. This asset is then depreciated using a rate of 3.3%, creating a credit against depreciation expense.

See attached schedule 89-1 for the journal entries which caused the (CIAC) accounts to decrease in December, 2002.

Account 101130 is "Contribution for Relocation of Facilities" and is used to apply CIAC from developers due to relocating of plant for new development such as new housing developments. Account 101105 is "Aid to Construction Billing" and was previously used to track all CIAC. CIAC is now recorded in multiple accounts, and account 101105 is no longer used. These accounts break out CIAC by type, such as relocation of facilities, residential, etc.

Chattanooga Gas Company

Docket Number 04-00034
TRA Staff-5
Data Request No. 89
Schedule 89-1

PeopleSoft Financials
 JOURNAL ENTRY DETAIL REPORT

Page No. 1
 Run Date 03/23/2004
 Run Time 14:24:21

Report ID: FIN2001
 Bus. Unit GL8 --Chattanooga Gas Company
 Ledger Grp: ACTUAL --Actual
 Ledger: ACTUAL --Actual
 For the period 12/31/2002 through 12/31/2002
 Source: ALL Journal ID. 0000063279 Status. P (posted journals by journal date range)

Line Description

Account AltAcct Operating Unit Department Prod Project ID Affl Stat

Journal ID. 0000063279 Journal Date. 12/31/2002 Source. ONL--Online Journal Entry
 Description To remove CIAC Express Adds from CWIP (see CARMEN BARBOUR worksheets for support)

Reversal. N--None Status. P--Posted Posted Date 01/06/2003

Line	Description	AltAcct	Operating Unit	Department	Prod	Project ID	Affl	Stat	Curr	Debit	Credit
1	Contribution for Constr-Res								USD	98,914.43	0.00
101000											

2	Construction Work in Progress								USD	0.00	98,914.43
100120											

3	Contribution for Constr-Nonres								USD	123,504.49	0.00
101100											

4	Construction Work in Progress								USD	0.00	123,504.49
100120											

5	Aid to Construction Billing								USD	789.71	0.00
101105											

6	Aid to Construction Billing								USD	0.00	789.71

Total USD 223,208.63 223,208.63

Chattanooga Gas Company
Docet Number 04-00034
TPA Staff - 5
Data Request No. 89
Schedule 89-1

PeopleSoft Financials
 JOURNAL ENTRY DETAIL REPORT

Page No. 1
 Run Date 03/26/2004
 Run Time 09:49:29

Report ID: FIN2001
 Bus. Unit: GL8 --Chattanooga Gas Company
 Ledger Grp: ACTUAL --Actual
 Ledger: ACTUAL --Actual
 For the period 12/31/2002 through 12/31/2002
 Source: ALL Journal ID: 0000063471 Status: P (posted journals by journal date range)

Line	Description	AltAcct	Operating Unit	Department	Prod	Project ID	Affl	Stat	Cur	Debit	Credit
Journal ID 0000063471 Journal Date: 12/31/2002 Source: ONL--Online Journal Entry Description Express Adds for CIAC 2001 and 2002(see Carmen Barbour worksheet for support)											
1	Property and Plant in Service								USD	0.00	223,208.63
100100											
2	Construction Work in Progress								USD	223,208.63	0.00
100120											
Total USD										223,208.63	223,208.63

Data Request No. 99

Examine Account 162999-Other Deferred Debits. Explain the components to this account. Explain why this account reached a zero balance in November 2003, and provide the associated accounting entries with its elimination. Also, provide the accounting entries relating to the restoration of this account in December 2003 to a balance of \$419,520.

Response

Account 162999 – Other Deferred Debits - is the account used to appropriately present the balance sheet classification for the net goodwill portion of Chattanooga Gas Company's acquisition adjustment. Please refer to CGC's response for TRA data request 5-87 for additional explanation and supporting schedules.

The balance sheet presentation reclass is made on a monthly basis, reversed at the beginning of the following month and adjusted again at the end of the following month. Based on review of CGC's internal financial statements, account 162999 had a balance of \$422,145 in November 2003. The data base provided to the Tennessee Regulatory Authority (TRA) staff also includes this amount for November 2003.

Attached exhibits 99-1 and 99-2 provide the balance sheet presentation reclass journal entries and related reversals made in November 2003 and December 2003.



Report ID: AGLCT601

Peoplesoft Financials

JOURNAL ENTRY DETAIL REPORT

Page No. 1
Run Date 05 Apr 2004
Run Time 8:30:24 AM

Unit:

GL8

Opnd:

KJOHNSO

Ledger Group:

ACTUAL

Foreign Currency

USD

Journal ID:

GLS1000605

Source:

SJE

Date:

01 Nov 2003

Reversal:

R

Rate Type:

31 Oct 2003

Description:

To reclass non-plant items contained in Chat acquisition

Reversal Date

Exchange Rate:

1.00

Line #	Account	Operating Un	Department	Product	Project	Affiliat	Scenario	Stat	Statistics Amt	Rate Typ	Rate	Foreign Amount	Base Amount
1	162999		8000								1.00000000	-424,769 00 USD	-424,769 00 USD
					Description	Other Deferred Debits			Reference				
2	100411		8000								1.00000000	-475,050 00 USD	-475,050 00 USD
					Description	Acc Prov Amort Acq Adj-Reclass			Reference				
3	145901		8000								1.00000000	-980,962 00 USD	-980,962 00 USD
					Description	LNG-Presentation Reclass			Reference				
4	100401		8000								1.00000000	1,880,781 00 USD	1,880,781 00 USD
					Description	Acq Adj-Reclass non-plant item			Reference				
Total Lines											4	Total Base Debits	1,880,781 00
												Total Base Credits	1,880,781 00

Cristianusa Gas Company

Dec 21 - 01-0054

TPA Data Debits + 6-99

99-1

Page 1/2

End of Report



Report ID: AGLCT501

PeopleSoft Financials
JOURNAL ENTRY DETAIL REPORTPage No 1
Run Date 05-Apr-2004
Run Time 8:29:24 AM

Unit:

GL8

OpriD: KJOHNSO

Ledger Group

ACTUAL

Foreign Currency: USD

Journal ID:

GLS1000005

Source:

SJE

Rate Type:

Date:

30-Nov-2003

Reversal

IB

Effective Date

30-Nov-2003

Description

To reclass non-plant items contained in Chat acquisition

Reversal Date

01-Dec-2003

Exchange Rate

1.00

Line #	Account	Operating Un	Department	Product	Project	Affiliat	Scenario	Stat	Statistics App	Rate Typ	Rate	Foreign Amount	Base Amount
1	162399		8000								1 00000000	422,145 00 USD	422,145 00 USD
				Description	Other Deferred Debits					Reference			
2	100411		8000								1 00000000	477,674 00 USD	477,674 00 USD
				Description	Acc Prov Amort Acq Adj-Reclass					Reference			
3	145901		8000								1 00000000	980,962 00 USD	980,962 00 USD
				Description	LNG-Presentation Reclass					Reference			
4	100401		8000								1 00000000	-1,880,781 00 USD	-1,880,781 00 USD
				Description	Acq Adj-Reclass non-plant item					Reference			
Total Lines: 4											1,880,781 00	Total Base Debits:	Total Base Credits:
													1,880,781 00

Chattanooga Bus Company

DocId: WU.01-000311

TEA Data Request 6-99

99-1

P. 2/2

End of Report



Report ID AGLCT601

JOURNAL ENTRY DETAIL REPORT

Unit GL8
Journal ID: GLS-000005
Date: 01 Dec 2003
To reclass non-plant items contained in Chat acquisition
Leger Group ACTUAL
Source: SJE
Reversal: R
Reversal Date:
Foreign Currency USD
Rate Type:
Effective Date: 30 Nov 2003
Exchange Rate 1.00

Line #	Account	Operating Un	Department	Product	Project	Amilat	Scenario	Stat	Statistics Amt	Rate Typ	Rate	Foreign Amount	Base Amount
1	162999		8000								1 00000000	-422,145 00 USD	-422,145 00 USD
					Description	Other Deferred Debits				Reference			
2	100411		8000								1 00000000	-477,674 00 USD	-477,674 00 USD
					Description	Acc Prov Amort Acq Adj-Reclass				Reference			
3	145901		8000								1 00000000	-980,962 00 USD	-980,962 00 USD
					Description	LNG-Presentation Reclass				Reference			
4	100401		8000								1 00000000	1,880,781 00 USD	1,880,781 00 USD
					Description	Acq Adj-Reclass non-plant item				Reference			
Total Lines: 4											1,880,781 00	Total Base Credits	1,880,781 00

Chutandosa Gas Company
Dec 2003
TRAT Data Delayed 699
99-2
P.112



Report ID. AGLCT801

PeopleSoft Financials
JOURNAL ENTRY DETAIL REPORTPage No. 1
Run Date 05 Apr 2004
Run Time 8:29:23 AMUnit GL8
Journal ID GLS1000605
Date 31 Dec 2003
Opnd: SREDDYLedger Group ACTUAL
Source SJE
Reversal
Reversal Date 01 Jan 2004Foreign Currency USD
Rate Type
Effective Date 31 Dec 2003
Exchange Rate 1.00

Description To reclass non-plant items contained in Chat acquisition

Line #	Account	Operating Unit	Department	Product	Project	Affiliat	Scenario	Stat	Statistics Amt	Rate Type	Rate	Foreign Amount	Base Amount
1	162999		8000								1 00000000	419,520 00 USD	419,520 00 USD
				Description	Other Deferred Debits					Reference			
2	100411		8000								1 00000000	480,299 00 USD	480,299 00 USD
				Description	Acc Prov Amort Acq Adj-Reclass					Reference			
3	145901		8000								1 00000000	980,962 00 USD	980,962 00 USD
				Description	LNG-Presentation Reclass					Reference			
4	100401		8000								1 00000000	-1,880,781 00 USD	-1,880,781 00 USD
				Description	Acq Adj-Reclass non-plant item					Reference			
Total Lines										4	Total Base Debits:	1,880,781 00	Total Base Credits: 1,880,781 00

Chattanooga Gas Company
Debit W. 04-0034
TDA Data Request 9999

99-2

P.2/2

End of Report

Data Request No. 1

Data Response No. 79 states that there is no debt on the books and records of Chattanooga Gas Company or AGL Services Company. Data Response No. 80 provides the Reconciliation of Capital Structure, Parts A & B. Explain why the Company did not allocate debt to Chattanooga for rate purposes.

Response

As noted in Data Response No. 79, there is no debt on the books and records of Chattanooga Gas Company (CGC). However, for rate making purposes, CGC has computed its revenue requirement based on the hypothetical capital structure included in the testimony of Michael J. Morley. This hypothetical capital structure includes the consolidated debt of AGL Resources Inc. and Subsidiaries. Please see M4 Schedule 1, a copy of which is attached to this response.

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No

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(A) MJM

(B) MJM

(C) MJM-4

(D) MJM-4,

Data Request No. 1

Data Response No. 79 states that there is no debt on the books and records of Chattanooga Gas Company or AGL Services Company. Data Response No. 80 provides the Reconciliation of Capital Structure, Parts A & B. Explain why the Company did not allocate debt to Chattanooga for rate purposes.

Response

As noted in Data Response No. 79, there is no debt on the books and records of Chattanooga Gas Company (CGC). However, for rate making purposes, CGC has computed its revenue requirement based on the hypothetical capital structure included in the testimony of Michael J. Morley. This hypothetical capital structure includes the consolidated debt of AGL Resources Inc. and Subsidiaries. Please see MJM-4 Schedule 1, a copy of which is attached to this response.

Chattanooga Gas Company
Summary of Estimated Consolidated Cost of Capital
June 30, 2005

Line No.	Capital Structure Component	Ratio	Cost Rate	Weighted Average Cost
1	Short-term debt	4.30% (A)	2.69%	0.12%
2	Long-Term Debt	40.10% (B)	6.74%	2.70%
3	Preferred Stock	8.70% (C)	8.54%	0.74%
4	Total Debt	<u>53.10%</u>		<u>3.56%</u>
5	Common Equity	46.90% (D)	11.25%	5.28%
6	Total Capitalization	<u>100.00%</u>		<u>8.84%</u>

(A) MJM-4, Schedule 2, Line 14

(B) MJM-4, Schedule 3, Line 8

(C) MJM-4, Schedule 3, Line 9

(D) MJM-4, Schedule 3, Line 6

Data Request No. 3

Data Response No. 85-1 provides the Debt & Equity Analysis for the twelve months ended December 31, 2003. Please provide this same schedule for the twelve months ended December 31, 2002 and also for the test period ended September 30, 2003.

Response

See attached schedule **TRA Econ #3-1** for the Debt & Equity Analysis for the twelve months ended December 31, 2002 and schedule **TRA Econ #3-2** for the Debt & Equity Analysis for the test period ended September 30, 2003.

Chattanooga Gas Company
Docket Number 04-00034
CGC TRA Econ Request #3
Schedule TRA Econ #3-1
Debt & Equity Analysis Net CY 2002

	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02
A. Long -term debt - (net of current portion)												
Medium Term Debt:												
Series A	29,800,969	29,801,840	29,802,711	29,803,582	29,804,453	29,805,324	29,806,196	29,807,067	29,807,938	29,808,809	29,809,680	29,810,551
Series B	166,159,123	166,170,273	166,181,424	166,189,803	166,198,182	166,206,562	166,214,941	166,223,320	166,231,699	166,240,079	166,247,180	166,252,540
Series C	298,472,026	298,483,263	298,494,499	298,505,736	298,516,972	298,528,209	298,539,445	298,550,682	298,561,918	298,573,155	298,584,392	298,595,628
Senior Notes	296,569,543	296,600,882	296,632,221	296,663,560	296,694,899	296,726,238	296,757,577	296,788,916	296,822,551	296,904,553	296,940,001	296,975,448
Total Medium Term & Senior Notes	791,001,660	791,056,258	791,110,855	791,162,681	791,214,507	791,266,333	791,318,159	791,369,985	791,424,106	791,526,596	791,581,253	791,634,168
B. Trust Preferred Securities												
AGL Capital Trust I	74,311,088	74,311,088	74,315,939	74,315,939	74,315,939	74,320,791	74,320,791	74,320,791	74,325,642	74,325,642	74,325,642	74,330,494
AGL Capital Trust II	145,931,250	146,010,000	146,088,750	146,167,500	146,246,250	146,325,000	146,403,750	146,482,500	146,561,250	146,640,000	146,718,750	146,797,500
Total trust Preferred Securities	220,242,338	220,321,088	220,404,689	220,483,439	220,562,189	220,645,791	220,724,541	220,803,291	220,886,892	220,965,642	221,044,392	221,127,994
C. Common Equity:	705,924,698	716,080,273	732,781,265	738,748,153	730,286,187	734,855,669	738,351,537	732,755,365	732,105,460	737,581,085	737,472,797	710,204,528

Chattanooga Gas Company
Docket Number 04-00034
CGC TRA Econ Request #3
Schedule TRA Econ #3-2
Debt & Equity Analysis Net Test Period

	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03
A. Long-term debt - (net of current portion)												
Medium Term Debt:												
Series A	29,808,809	29,809,680	29,810,551	29,811,422	29,812,294	29,813,165	29,814,036	29,814,907	29,815,778	29,816,649	29,817,521	29,818,392
Series B	166,240,079	166,247,180	166,252,540	166,258,205	166,263,565	166,268,925	166,274,285	166,279,645	166,285,005	166,290,365	166,295,725	166,301,085
Series C	298,573,155	298,584,392	298,595,628	298,606,865	298,618,101	298,629,338	298,640,574	298,651,811	298,663,047	298,674,284	298,685,521	298,696,757
Senior Notes	296,904,553	296,940,001	296,975,448	296,561,596	296,597,044	296,632,491	296,667,939	296,703,386	296,738,834	296,774,281	296,809,729	296,845,176
Senior Notes 4.45%				0	0	0	0	0	-2,386,147	225,753,068	225,746,740	225,740,412
Total Medium Term & Senior Notes	791,526,596	791,581,253	791,634,168	791,238,089	791,291,004	791,343,919	784,226,834	784,279,749	714,182,500	942,417,567	942,476,065	942,534,563
B. Trust Preferred Securities												
AGL Capital Trust I	74,325,642	74,325,642	74,330,494	74,330,496	74,330,496	74,330,496	74,335,348	74,335,348	74,340,200	74,340,200	74,340,200	74,345,052
AGL Capital Trust II	146,640,000	146,718,750	146,797,500	146,533,628	146,621,016	146,708,404	146,795,792	146,883,180	146,970,568	147,057,956	147,145,344	147,232,732
Total trust Preferred Securities	220,965,642	221,044,392	221,127,994	220,864,124	220,951,512	221,038,900	221,131,140	221,218,528	221,310,768	221,398,156	221,485,544	221,577,784
C. Common Equity	737,581,085	737,472,797	710,204,528	722,428,545	863,550,917	885,978,312	896,715,266	888,798,151	895,868,311	900,931,528	891,998,613	908,499,992

Data Request No. 4

Provide an explanation for the increase in preferred stock the year 2001. Why was the preferred stock issued? You state on the FG-Item No. 81 that your preferred stock has an average rate of 8.70% in 2002 and 8.67% in 2003. That is more expensive than either short-term debt or long-term debt listed on that schedule. Why was preferred stock chosen over common stock or debt?

Response

Preferred stock was issued in 2001 and is considered long-term debt by AGL Resources Inc. and Subsidiaries (AGLR). This debt was issued to maintain a favorable balance of short-term and long-term debt and is the longest term debt available. Additionally, because of its long life, some credit rating agencies treat this preferred stock as equity rather than debt. The preferred stock's long debt term and favorable treatment by some credit rating agencies helped AGLR maintain its existing credit rating, providing an overall lower cost of debt.

Data Request No. 5

In 2001 according to your FG-Item No. 80, schedule 3, on page 1, long-term debt climbed by 46% and short-term debt more that doubled. Please explain. What utility purpose was this use for?

Response

The increase in long-term debt and short-term debt was the result of the purchase of Virginia Natural Gas (VNG) in October 2000. Additionally, short-term debt increased due to an increase in working capital needs for AGL Resources Inc. and Subsidiaries. The increase in working capital needs was due primarily to a substantially increase in gas inventory unit costs and volumes.

Data Request No. 6

On the same schedule interest expense dropped from 2002 to 2003. Interest rates are shown dropping which will account for some of it. Is that the only reason, or was there some refinancing occurring? Preferred stock expense of course remained the same. Please provide explanations.

Response

Please clarify the above question. The schedule referenced in the question, FG Item No. 80, schedule 3, does not include amounts for "interest expense" nor does it include information for 2003.

Data Request No. 7

In FG Item No. 87, please provide the same schedule of capital surplus for the year ended December 31, 2002 and for the test year.

Response

See attached schedule **TRA Econ #7-1** for the Capital Surplus Analysis for the twelve months ended December 31, 2002 and schedule **TRA Econ #7-2** for the Capital Surplus Analysis for the test year.

Chattanooga Gas Company
Docket Number 04-00034
CGC TRA Econ Request #7
Schedule TRA Econ #7-1
Capital Surplus by Month

	<u>Jan-02</u>	<u>Feb-02</u>	<u>Mar-02</u>	<u>Apr-02</u>	<u>May-02</u>	<u>Jun-02</u>	<u>Jul-02</u>	<u>Aug-02</u>	<u>Sep-02</u>	<u>Oct-02</u>	<u>Nov-02</u>	<u>Dec-02</u>
Total Capital Surplus on Common Stock	-201,847,865	-201,805,052	-202,668,543	-203,035,993	-202,966,102	-203,457,138	-203,619,586	-203,878,768	-204,378,975	-204,666,320	-204,972,937	-207,595,628
Capital Surplus on Preferred Stock	-2,170,111	-2,170,111	-2,170,111	-2,170,111	-2,170,111	-2,170,111	-2,170,111	-2,170,111	-2,170,111	-2,170,111	-2,170,111	-2,170,111
Total	-203,817,976	-203,975,163	-204,838,653	-205,206,104	-205,136,212	-205,627,249	-205,789,697	-206,048,879	-206,549,086	-206,836,431	-207,143,048	-209,765,739

Chattanooga Gas Company
Docket Number 04-00034
CGC TRA Econ Request #7
Schedule TRA Econ #7-2
Capital Surplus by Month

	<u>Oct-02</u>	<u>Nov-02</u>	<u>Dec-02</u>	<u>Jan-03</u>	<u>Feb-03</u>	<u>Mar-03</u>	<u>Apr-03</u>	<u>May-03</u>	<u>Jun-03</u>	<u>Jul-03</u>	<u>Aug-03</u>	<u>Sep-03</u>
Total Capital Surplus on Common Stock	-204,666,320	-204,972,937	-207,595,628	-207,639,414	-311,959,980	-312,391,857	-313,096,534	-313,574,960	-314,325,082	-314,470,536	-312,851,841	-315,980,784
Capital Surplus on Preferred Stock	-2,170,111	-2,170,111	-2,170,111	-2,170,111	-2,170,111	-2,170,111	-2,170,111	-2,170,111	-2,170,111	-2,170,111	-2,170,111	-2,170,111
Total	-206,836,431	-207,143,048	-209,765,739	-209,809,525	-314,130,091	-314,561,968	-315,266,644	-315,745,071	-316,495,193	-316,640,647	-315,021,952	-318,150,895

Data Request No. 8

On response FG-Item No. 92, the Company states that all amounts billed to Chattanooga Gas Company through the AGL Services is at cost including interest. Provide a worksheet showing how total interest expense is calculated and allocated among the distribution companies.

Response

The above data request seeks information that is non-public and has been filed "trade secret" in other AGL Resources Inc. jurisdictions. A protective order was filed by Chattanooga Gas Company (CGC) in conjunction with Docket No. 04-00034 on January 26, 2004. Once this protective order is approved, CGC will respond to the above data request.

Data Request No. 10

Provide the allocation percentages of distribution expenses for Chattanooga Gas Company, Virginia Gas Company, and AGL. This can be done on an aggregate bases by subsidiary except for interest expense on short-term and long-term debt.

Response

The above data request seeks information that is non-public and has been filed "trade secret" in other AGL Resources Inc. jurisdictions. A protective order was filed by Chattanooga Gas Company (CGC) in conjunction with Docket No. 04-00034 on January 26, 2004. Once this protective order is approved, CGC will respond to the above data request.

Data Request No. 11

Provide worksheet of how debt costs and/or premium on stock issues are allocated if they are, to the distribution companies.

Response

All debt, including preferred stock, is recorded on the books and records of the following companies:

- AGL Capital Corporation
- AGL Capital Trust I
- AGL Capital Trust II
- Atlanta Gas Light Company

All costs and premiums related to this debt are recorded directly on the books and records of the applicable company. These costs are not allocated to the distribution companies. However, any costs or premiums related to this debt have been included in the debt costs used in the hypothetical capital structure referred to in Econ 1-1.

Any premium related to publicly traded common stock is recorded on the books and records of AGL Resources Inc. to account 203102—Additional Paid-In Capital and is not allocated to the distribution companies.

Data Request No. 12

Provide worksheet describing how retirement of debt gains or losses is allocated if they are, to the distribution companies.

Response

All debt, including preferred stock, is recorded on the books and records of the following companies:

- AGL Capital Corporation
- AGL Capital Trust I
- AGL Capital Trust II
- Atlanta Gas Light Company

Atlanta Gas Light Company incurred debt retirement losses, which were recorded on its books and records and are not allocated to other AGL Resources Inc. affiliates. However, these retirement losses have been included in the debt costs used in the hypothetical capital structure referred to in Econ 1-1.